

Under the Use Tax Act, a tax is imposed upon the privilege of using in this State tangible personal property purchased at retail from a retailer. See 86 Ill. Adm. Code 150.101. (This is a GIL).

January 4, 2007

Dear Xxxxx:

This letter is in response to your letter dated August 29, 2006, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I am a legal assistance attorney serving with the United States Army in Germany. I am writing to request information regarding sales tax and import taxes on new cars. We are currently operating under serious financial constraints, and I do not have any resources that provide the information I need.

More specifically, if a soldier purchases a new car in Germany and has the car shipped to your state, will he/she have to pay any taxes or fees to register his/her vehicle? If yes, do you have a provision that states if the car is driven for a certain number of months or accrues a certain number of miles then it is no longer considered a new car, and, therefore, no taxes or fees are due upon registration? Or is a lesser amount due? If soldiers are residents of different states temporarily residing in your state for military duty, will the registration fee be lower?

Please send as much information as possible. We are frequently asked about this subject. We greatly appreciate your assistance in helping us to better serve the thousands soldiers, civilians, and family members in our community.

DEPARTMENT'S RESPONSE

Under the Use Tax Act, a tax is imposed upon the privilege of using in this State tangible personal property purchased at retail from a retailer. 35 ILCS 105/3; see 86 Ill. Adm. Code 150.101. In other words, the Use Tax applies when tangible personal property is purchased anywhere at retail from a retailer and brought into this State for use.

Please note that the Use Tax does not apply to the use, in this State, of tangible personal property acquired outside this State by a nonresident individual and brought into this State by such individual for his or her own use while temporarily within this State or while passing through this State. See 86 Ill. Adm. Code 150.310, enclosed. In addition, the Use Tax does not apply to the use, in this State, of tangible personal property which is acquired outside this State by a nonresident individual who then brings the property to this State for use here, and who shall have used the property outside this State for at least 3 months before bringing the property to this State. See the enclosed copy of 86 Ill. Adm. Code 150.315. Soldiers who are residents of other states and who temporarily reside in Illinois for military duty are generally considered nonresident individuals. Illinois will give a credit for taxes properly due and paid in another state; however, no credit is given for taxes properly due and paid to a foreign government. See 86 Ill. Adm. Code 150.310. In addition, depreciation is allowed for out-of-State use. See 86 Ill. Adm. Code 150.110.

Form RUT-25, Use Tax Return, is used to remit Use Tax to the Department if a new or used motor vehicle, watercraft, or aircraft is purchased from an out-of-State retailer. The Department has also issued a publication called the "Illinois Vehicle Tax Information Guide." This publication explains the different forms that are used to pay sales tax on cars. This publication is available on the Department's website.

If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Martha P. Mote
Associate Counsel

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